

February 06, 2023

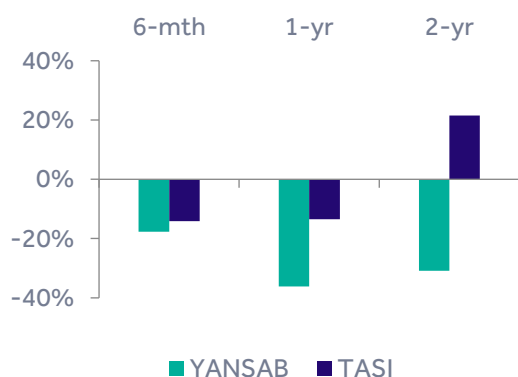
## Second Consecutive Quarter of Net Loss

Upside to Target Price	(2.4%)	Rating	Neutral
Expected Dividend Yield	4.6%	Last Price	SAR 43.05
Expected Total Return	2.2%	12-mth target	SAR 42.00

Market Data	
52-week high/low	SAR 75.50 / 41.85
Market Cap	SAR 24,216 mln
Shares Outstanding	562.5 mln
Free-float	49.00%
12-month ADTV	992,693
Bloomberg Code	YANSAB AB

Yansab	4Q2022	4Q2021	Y/Y	3Q2022	Q/Q	RC Estimate
Sales	1,396	1,922	(27%)	1,595	(13%)	1,431
Gross Profit	67	507	(87%)	75	(10%)	57
Gross Margins	5%	26%	-	5%	-	4%
Operating Profit	(12)	382	-	(46)	-	(63)
Net Profit	(96)	335	-	(61)	-	(29)

(All figures are in SAR mln)



- In 4Q2022, Yansab top-line slumped by -13% Q/Q and -27% Y/Y to SAR 1,396 mln, matching our forecast. This came on the back of lower average product prices and higher production costs. For FY2022, as per management, average product prices fell by -13% Y/Y leading to weak spreads despite higher sales volumes, which were up by +7% Y/Y.
- Gross margins slightly improved to just 4.8% for the quarter as compared to 4.7% in the preceding quarter versus 26.4% in 4Q2021. Gross profit declined by -10% Q/Q and -87% Y/Y to SAR 67 mln.
- For FY2022, net profit declined by -73% Y/Y to SAR 414 mln. The decline was steeper than expected due to the 4Q net loss of SAR (96) mln, the second consecutive quarter of loss. Bottomline missed both our forecast of SAR (29) mln and consensus of SAR (36) mln. The deviation appears to be due to higher Zakat and lower other income.
- Going forward, the production shutdown in 2023, would cause some pressure on margins. Therefore, we revise our target price to SR 42.00 and maintain Neutral rating.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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